

# FAITHFUL GIVING

A guide for Christian Stewards

What gifts can  
you offer?

Gifts that can also provide  
you an income

How to give today or  
through your will

# Gifts for Today

Every dollar you give outright to support ministry in the Church is tax deductible. The maximum deduction allowable for gifts of cash is limited to 50% of your adjusted gross income (any amount given in excess of this limitation can be carried over and deducted for up to five subsequent years). Clearly cash gifts (simple as writing a check) are the most common form of giving, but there are other ways of giving that offer tax and other advantages to the Donor and create an opportunity for substantial gifts that might otherwise not be possible.



## Marketable Securities

Gifts of long-term appreciated securities are the most popular type of property gift. The securities are often individual stocks, but may include bonds or shares of mutual funds. Gifts of securities can be made quickly and easily...and can enable you to do more with your gift because of the tax benefits.

In most cases, the full market value of securities will be allowable as a deduction. Let's say you give stock that you have owned for one year or more that is now worth \$10,000. You can deduct the full amount on your income tax return (subject to income limitations), even though you may have purchased the stock for substantially less. The amount of your charitable contribution — is the mean between the highest and lowest selling price on the date of the transfer.

A gift of securities is not considered a sale of the securities and does not result in any capital gains tax. This is an important tax reward provided by Congress to encourage gifts of appreciated property. No matter how much the securities have increased in value, a gift to the church will not make any part of your paper profit taxable. The result: a charitable deduction is allowed for profits that have never been taxed to you. And every penny of the proceeds goes to the church or designated ministry.

One cautionary note...the charitable deduction for securities held less than one year is limited to your "cost basis". To assure long-term capital gain benefits, you should give stock held for more than one year. Please consult your own advisor on the tax implications of any gift.

The Foundation can assist you by receiving the stocks directly from your brokerage or mutual-fund company. We immediately liquidate the securities and send the proceeds to the church or ministry you direct or add them to the designated account in the Foundation. There are usually significant commission savings if we can sell the securities online. The Foundation provides this service without any additional charge.

## Real Estate

When appreciated real estate is given, capital gains taxes are completely avoided and the full fair market value of the property is deductible as a charitable contribution. (Assuming that the real estate has been held long-term and that you are not in the business of selling real property). The IRS currently allows you to deduct the full fair market value of the property up to 30% of your adjusted gross income for the year. Any amount over that ceiling can be carried forward for future deduction, for up to five years, subject to the same percentage limitations. All gifts of real estate require a qualified appraisal.

### Bargain Sale

You may have property that has appreciated in value, but you only want to give part of that value to the church. You may make a "bargain" sale of the property for less than its fair market value (usually your cost basis). You thereby receive back your original investment, while getting a charitable deduction for the donated difference. You should note, however, that some recovered proceeds will be treated as capital gain.

## Gift of a Remainder Interest in a Residence or Farm

A special provision of the tax law allows an immediate income tax charitable deduction for a gift of a remainder interest in your home or farm. You retain an absolute right to occupy the home or farm for your life (or you can give family members this right). The property passes to the church only after termination of the life estate. The immediate charitable deduction allowable for the future gift is the present value of the ministry's right to receive the property at some later date. The age of the life tenant is the primary factor in determining the present value of the deferred interest and the allowable charitable deduction.

## Tangible Personal Property

Antiques, artwork, jewelry, book collections — these are just a few of the kinds of tangible personal property that friends of the church have used to fund a ministry. The full fair market value of such assets is deductible provided the gift property is used for ministry purposes. Otherwise, the deduction is limited to its cost basis.

## Life Insurance

Many people have life insurance policies that are no longer needed to protect their spouse, family or themselves. A good example might be a policy for a grown child's education. When the ownership of an existing policy is given to the church or the Foundation, (as opposed to designating the church as a beneficiary) you can immediately deduct, as a charitable contribution, the current value of the policy or, the net cost of the policy, whichever is less. Upon transfer of ownership, future premium payments are also deductible. One interesting possibility is giving a percentage of your policy for ministry simply by adding the Foundation through a change of beneficiary form available from your insurance agent.

## Faithful Givers

Schuler Stooksbury of Farragut, Tennessee gifted his family's farm to fund a Charitable Remainder Trust in loving memory of his wife. The Mary Margaret Norton and Schuler C. Stooksbury Endowment is used to support Christian outreach and ministries at Concord United Methodist Church. The legacy of their family continues to support ministry because of their gift of real estate.



## Make a Gift Today

Do you have questions about what gifts you can make today?  
Interested in moving forward with a gift? Contact Paul Bowman, Holston Foundation executive director, at 865-690-8124 or [paulbowman@holston.org](mailto:paulbowman@holston.org)



# Gifts for Tomorrow

Gifts made upon death are the most popular type of gift of accumulated wealth because they give you the opportunity to leave a lasting legacy while retaining full use of your property during your life. While a gift upon death offers no income tax benefits, every single dollar is deductible for estate tax purposes. Each of us through a property executed will have the opportunity to direct where our assets will ultimately go: to those family and special people you name, to federal or state government in the form of taxes, or to charity...such as the ministries of The United Methodist Church. The Foundation will be happy to confidentially listen and discuss with you or your advisor the best way to include United Methodist ministries in your plans.



## Retirement Assets

More and more thoughtful givers are now using retirement assets (pension plan, 401(K), Keogh plans, and IRA's) in their charitable gift planning. The reason is that retirement account assets left to family members (other than your spouse) are subject to higher taxation than other assets. By using retirement assets to fund a gift — and leaving other assets to family members — you will avoid the income and estate taxes that otherwise would be imposed on those assets that have grown tax-free.

## Savings Bonds

Often people will ask if they can make an outright gift of U.S. savings bonds and receive a charitable deduction for their face value. Unfortunately, the answer is “no” because of restrictions on the transferability of the bonds. On the other hand, the full face value is deductible for estate tax purposes when you bequeath the bonds to the church in your will. Unlike an individual heir, the Foundation is tax-exempt, it will not pay income tax when the bonds are redeemed.

## CD & Savings Accounts

One of the most convenient ways to benefit ministry is through your savings plans, (including bank and credit union accounts, certificates of deposit, and other investment accounts) by simply making the Foundation or your church a joint owner of the account with rights of survivorship or by registering your account with “transfer on death” instructions.. You remain in complete control of the account. You can withdraw the money, change the survivor designation or close the account at any time, thereby revoking the arrangement. The church has no claim on the account until after your death.

## Faithful Givers

Allen B. Lindamood and Pauline M. Lindamood, members of Enterprise United Methodist Church in Piney Flats, Tennessee, created a scholarship fund to assist students become ordained ministers in the Holston Conference through a bequest to the Foundation.



# Bequests

The most popular “planned gift” is the simple bequest through a will. You can leave a specific asset, a specific sum of money, a percentage of your estate or what remains of your estate after you have provided for your heirs. You can designate exactly how you want your bequest to be used...or leave it unrestricted and flexible to meet ever-changing needs and ministry opportunities. Most importantly, you can change any bequest provision during your life, which means you remain in complete control of the process.

## Specific Bequest

A specific bequest provides that the ministry you designate receives a specific dollar amount, percentage of your estate, or piece of property.

## Residuary Bequest

A residuary bequest provides that the ministry you name receive all or a stated portion of your estate after all other bequests, debts, taxes, and expenses have been distributed.

## Contingent Bequest

A contingent bequest can ensure that if circumstances make it impossible to carry out your primary provisions (as when your spouse or other heirs do not survive you), your assets will then pass to the ministry you designate rather than to unintended beneficiaries.

If you already have a will, you can have your attorney include an additional bequest through a simple codicil (an amendment to your will). The following may help you in customizing your own bequest plan:

## Example Wording for Bequests

### 1. Unconditional Tithe

“I give to the Holston Foundation ten percent (10%) of my estate to be used for Christian ministry in such manner as its Board of Directors deems best.”

### 2. Bequest Of Residue For A Suggested Use

“I give to the Holston Foundation all the rest of my property, real and personal. I suggest that the annual income be used ... to support building and maintenance at \_\_\_\_\_United Methodist Church located in \_\_\_\_\_.

### 3. Contingent Bequest For More Than One Use

“If any of the above-named beneficiaries should predecease me, then I give the property, real or personal, which each such beneficiary would have received had he survived me, to The Holston Conference of The United Methodist Church Foundation, Inc. with the annual earnings divided equally between Holston Home for Children and missions.”

### 4. Bequest To Create An Endowment Named By The Donor

“I give to the Holston Foundation (\$\_\_\_, \_\_\_% of estate or \_\_\_) to establish THE \_\_\_\_\_ FAMILY ENDOWMENT FUND. The Fund earnings, but not the principal should be used for ... scholarships for students pursuing a career in ministry.

### 5. Specific Bequest for a Specific Use

“I give \_\_\_\_\_to the Holston Foundation to support new churches.

## Plan a Gift for Tomorrow

The Holston Foundation staff serve as confidential experts in helping you make a planned gift that fits your vision for your legacy. Contact Paul Bowman, Holston Foundation executive director, to have a conversation or plan a meeting at 865-690-8124 or paulbowman@holston.org.

